

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----200553Z 108636 /11

R 200130Z JAN 77
FM USLO PEKING
TO SECSTATE WASHDC 7118
INFO AMEMBASSY TOKYO
AMEMBASSY TAIPEI
AMEMBASSY MOSCOW
AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 1 OF 5 PEKING 0139

EXDIS

E.O. 11652: GDS
TAGS: PFOR, CH, TW, US, UR, JA
SUBJ: DAVID ROCKEFELLER CALL ON LI HSIEN-NIEN

REF: PEKING 0116

1. DAVID ROCKEFELLER CALLED ON VICE PREMIER LI HSIEN-NIEN AT 1630 DECEMBER 15 IN THE TAIWAN ROOM OF THE GREAT HALL OF THE PEOPLE. ALSO ATTENDING WERE: HUANG HUA, MINISTER OF FOREIGN AFFAIRS; K'O PO-NIEN, VICE CHAIRMAN OF THE PEOPLE'S INSTITUTE FOR FOREIGN AFFAIRS; WANG HAI-JUNG, VICE MINISTER OF FOREIGN AFFAIRS; K'ANG TAI-SHA, SECRETARY GENERAL OF THE PIFA; NANCY TANG (T'ANG WEN-SHENG), DEPUTY DIRECTOR FOR AMERICAN AND OCEANIAN AFFAIRS, MFA (INTERPRETER); TING YUAN-HUNG, DIRECTOR, UNITED STATES AFFAIRS, MFA; DAVID ROCKEFELLER, CHAIRMAN OF THE BOARD, CHASE MANHATTAN BANK; JAMES BISH, VICE PRESIDENT, CHASE MANHATTAN BANK; JOHN C. LINKER, VICE PRESIDENT, CHASE MANHATTAN BANK (HONG KONG); KENNETH MORSE, VICE PRESIDENT, CHASE PACIFIC ASSOCIATES; MARY WADSWORTH, CHASE PACIFIC ASSOCIATES; AMBASSADOR THOMAS S. GATES; WILLIAM W. THOMAS, JR., USLO.
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2. THE FOLLOWING IS THE TEXT OF THE CONVERSATION:
LI: I WOULD LIKE TO WELCOME YOU AND YOUR PARTY TO PEKING.

ROCKEFELLER: THANK YOU. THREE YEARS AGO I VISITED CHINA, AND IT WAS A THRILL TO BE RECEIVED BY YOUR GREAT AND HONORED LEADER, CHOU EN-LAI, IN THIS VERY ROOM. THE

WORLD WAS GREATLY SADDENED BY HIS DEATH, AND IT WAS DEEPLY MOVING TO SEE THE WREATHS AT TIEN AN MEN SQUARE ON THE ANNIVERSARY.

LI: SOME 2,000,000 PEOPLE VISITED THE SQUARE.

ROCKEFELLER: I WALKED AROUND TIEN AN MEN LOOKING AT THE WREATHS AND HAD A MOST INTERESTING VISIT. I WAS DELIGHTED TO FIND AN OLD FRIEND, MINISTER HUANG HUA, WHOM I KNEW VERYWELL IN NEW YORK.

LI (TO HUANG): DO YOU KNOW HIM ALREADY?

HUANG: YES.

ROCKEFELLER: I KNOW MINISTER HUANG WELL AND ENJOY VERY MUCH SEEING HIM AGAIN.

LI: YOUR WIFE DIDN'T COME?

ROCKEFELLER: NOT THIS TIME. SHE VERY MUCH ENJOYED OUR FIRST VISIT, WHEN SHE MET PREMIER CHOU. OUR VISIT IS ONLY A SHORT ONE THIS TIME.

DURING THIS TRANSITION PERIOD, WHEN THE NEW GOVERNMENT OF THE UNITED STATES IS COMING IN, PRESIDENT-ELECT CARTER HEARD I WAS COMING AND ASKED ME TO DELIVER A MESSAGE TO CHAIRMAN HUA. (READS) PRESIDENT CARTER HAS ASKED ME TO DELIVER HIS PERSONAL GREETINGS TO CHAIRMAN HUA. IN PARTICULAR, HE HAS ASKED ME TO MAKE CLEAR THE IMPORTANCE HE ATTACHES TO OUR RELATIONS IN A GLOBAL CONFIDENTIAL

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CONTEXT AS WELL AS TO THE IMPROVEMENT OF OUR BILATERAL RELATIONS. PRESIDENT CARTER LOOKS FORWARD TO ESTABLISHING A DIALOGUE WITH CHAIRMAN HUA ON THE ISSUES BEFORE US.

SECRETARY KISSINGER, SECRETARY VANCE, AND MR. BRZEZINSKI WERE ALL PLEASED THAT I WAS COMING, AND ALL INDICATED THEIR DEEP PERSONAL INTEREST IN RELATIONS WITH CHINA. SECRETARY VANCE ASKED ME TO SAY THAT HE WAS INTERESTED IN PAYING A VISIT TO CHINA IN THE NOT TOO DISTANT FUTURE.

LI: ON YOUR RETURN
PLEASE CONVEY THE GREETINGS OF
CHAIRMAN HUA TO PRESIDENT CARTER.

ROCKEFELLER: I WOULD BE PLEASED TO CARRY ANY OTHER MESSAGE YOU MAY HAVE. I HAVE KNOWN PRESIDENT CARTER FOR SEVERAL YEARS, AND ALSO VICE PRESIDENT MONDALE, AS WELL AS SECRETARY VANCE, SO I HAVE SOME FEELING FOR THE NEW ADMINISTRATION. THEIR STYLE MAY BE DIFFERENT,

BUT THEIR BASIC CONCERNS AND APPROACH ARE LIKELY TO BE
VERY SIMILAR. THERE IS NO DOUBT IN MY MIND THAT ALL
OF THEM ARE EXTREMELY CONSCIOUS OF THE IMPORTANCE OF
GOOD RELATIONS BETWEEN CHINA AND THE UNITED STATES,
AND WILL DO WHAT THEY WANT TO SEE THAT THEY ARE
IMPROVED. EVEN THOUGH OUR POLITICAL PHILOSOPHIES ARE
DIFFERENT, IT SEEMS WE HAVE MORE INTERESTS IN COMMON
THAN IN CONFLICT.

LI: THAT IS, OUR COMMON OPPOSITION TO THE POLAR BEAR.
ROCKEFELLER: WE HAVE TO LIVE WITH HIM, BUT I DON'T
TRUST HIS AMBITIONS.

LI: THEY ARE LARGE INDEED.

ROCKEFELLER: THE ONLY COUNTRY IN THE WORLD WITH EXPANSIONIST
AMBITIONS IS THE SOVIET UNION. I'M NOT AWARE OF ANY OTHER.
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LI: PERHAPS YOU HAVE SOME.

ROCKEFELLER: WE DON'T, I ASSURE YOU.

LI: OF COURSE, BUT THAT IS BECAUSE YOU'RE ON THE DEFENSIVE.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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AMEMBASSY TAIPEI
AMEMBASSY MOSCOW
AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 2 OF 5 PEKING 0139

EXDIS

ROCKEFELLER: I THINK THAT IT IS EVIDENT THAT WE DO NOT HAVE ANY.

LI: OF COURSE, I'M NOT THE ONE TO DECIDE THAT ISSUE BY JUST SAYING SO.

ROCKEFELLER: I CAN REASSURE YOU ON THAT POINT WITH FULL CONFIDENCE. WE AND YOU HAVE THE RESPONSIBILITY TO ESTABLISH A MORE PEACEFUL ORDER AND TO IMPROVE THE LIVES OF MILLIONS LIVING IN POVERTY.

LI: THAT DEPENDS ON HOW YOU UNDERSTAND PEACE. OF COURSE WE WISH FOR PEACE, BUT THE POLAR BEAR HAS SO MANY NUCLEAR WEAPONS, AND YOU HAVE SO MANY, THAT WE ARE DOUBTFUL ABOUT PEACE.

ROCKEFELLER: THE SOVIET UNION ONLY UNDERSTANDS STRENGTH. THOUGH WE WANT PEACE, WE ARE THE ONLY COUNTRY WITH THE ABILITY AND RESOURCES TO MATCH THEIRS.

LI: AS WE SEE IT, YOU ARE ON THE DEFENSIVE AND THEY ARE ON THE OFFENSIVE.
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ROCKEFELLER: WE ARE NOT AGGRESSORS, AND IN THAT SENSE WE COULD BE CONSIDERED ON THE DEFENSIVE. WE WILL NOT PUSH INTO OTHERS' TERRITORIES.

LI: YOU ARE HOLDING ON TO YOUR VESTED INTERESTS, AND THEY ARE TRYING TO EXPAND.

ROCKEFELLER: I WOULDN'T CALL LIVING PEACEFULLY IN OUR HOMELAND AND TRADING PEACEFULLY WITH OTHER COUNTRIES A VESTED INTEREST.

LI: TRADE ON THE BASIS OF EQUALITY AND MUTUAL BENEFIT IS ACCEPTABLE.

ROCKEFELLER: WE BELIEVE THAT IN INVESTMENT ON TERMS ACCEPTABLE TO THE RECIPIENT COUNTRY HELPS IMPROVE THE LOT OF THE PEOPLE OF THE WORLD. WE THINK THAT AS THE NATION WITH THE GREATEST ECONOMIC RESOURCES, WE HAVE THE OPPORTUNITY AND THE OBLIGATION TO SHARE THESE RESOURCES IN A MUTUALLY BENEFICIAL MANNER WITH THE PEOPLE OF THE WORLD. IT IS TRUE THAT YOUR ECONOMIC PHILOSOPHY AND OURS ARE VERY DIFFERENT, BUT I DON'T SEE WHY WE CAN'T WORK TOGETHER. WE WOULD BE HAPPY TO

EXPAND TRADE, AND I HOPE YOU AS WELL AS WE ARE. I THINK IT WOULD BE ADVANTAGEOUS TO BOTH OF US. AS I UNDERSTAND IT, IN THE FIVE-YEAR PLAN THAT WAS APPROVED A YEAR AGO, REFERENCE WAS MADE TO FOREIGN PARTICIPATION IN CHINA'S ECONOMY. AM I RIGHT?

LI: TRADE DEPENDS ON HOW MUCH HARD CURRENCY WE HAVE. WE DO NOT APPROVE OF FOREIGN INVESTMENT AND JOINT ENTERPRISES IN CHINA.

ROCKEFELLER: I UNDERSTAND YOU WERE INTERESTED IN TURNKEY OPERATIONS.
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LI: THAT DEPENDS ON WHETHER OR NOT WE HAVE THE MONEY.

ROCKEFELLER: AND THAT OF COURSE DEPENDS ON HOW MUCH YOU EXPORT. PERHAPS WE COULD HELP.

LI: IN WHAT WAY?

ROCKEFELLER: FIRST IT IS A QUESTION OF WHAT YOU PRODUCE OR COULD PRODUCE AND SELL IN THE UNITED STATES. I AM A VICE CHAIRMAN OF THE NCUSCT, THE COUNTERPART OF YOUR CCPIT, AND OUR ORGANIZATION WORKS WITH THE CCPIT. THE NCUSCT HAS HAD TWO MISSIONS TO CHINA, AND YOUR CCPIT HAS TRAVELED OVER THE UNITED STATES. WE SHOULD INCREASE THESE VISITS. THE BETTER WE KNOW EACH OTHER THE BETTER WE CAN WORK TOGETHER.

LI: WE CAN TALK ABOUT IT.

ROCKEFELLER: ONE REASON I AM HERE IS THAT THE CHASE MANHATTAN BANK HAS BEEN DESIGNATED A CORRESPONDENT OF THE BANK OF CHINA. WE HAVE HAD SOME USEFUL DISCUSSIONS ABOUT FINANCING TRADE. ONE PROBLEM HAS BEEN THE FROZEN ASSETS, AND IT IS IMPORTANT THAT IT BE WORKED OUT. IN DISCUSSING THIS WITH MINISTER HUANG HUA, WE FOUND THAT A SOLUTION TO THIS PROBLEM CAN PROCEED INDEPENDENTLY OF ANY OTHER DISCUSSIONS WE MAY HAVE.

LI: I HEARD THAT YOU WERE INFORMED BY SOMEONE IN THE STATE DEPARTMENT THAT MR. KSSINGER OR MR. HABIB WAS UNDER THE IMPRESSION THAT THIS WAS NOT THE CASE. THIS IS, OF COURSE, INCORRECT, WE HAVE NEVER SAID THIS.

ROCKEFELLER: I AM DELIGHTED TO HEAR IT, AND NEEDLESS TO SAY, AMBASSADOR GATES WILL INFORM THE GOVERNMENT

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AND I WILL REPORT WHEN I RETURN TO WASHINGTON. THE
SOLUTION OF THIS PROBLEM WILL HELP EXPAND TRADE.

LI: THE DEVELOPMENT OF TRADE WILL NOT BE DECIDED BY
THIS ISSUE ALONE. ANOTHER BARRIER TO THE DEVELOPMENT
OF RELATIONS IS NORMALIZATION.

ROCKEFELLER: WE ALL LOOK FORWARD TO NORMALIZATION.
I HOPE THAT PERHAPS THE FROZEN ASSETS PROBLEM CAN BE
WORKED OUT MORE QUICKLY THAN THE BROADER PROBLEMS.
I WOULD BE INTERESTED IF YOU WOULD COMMENT ON THE ROLE
OF THE UNITED STATES IN THE PACIFIC AND PARTICULARLY
IN JAPAN. DO YOU THINK IT IS USEFUL FOR THE UNITED
STATES TO PROVIDE A NUCLEAR UMBRELLA FOR JAPAN?

LI: AS FOR JAPAN, WE HAVE SAID BEFORE THAT RELATIONS
WITH THE UNITED STATES HAVE THE HIGHEST VALUE FOR
JAPAN. WE ARE OPPOSED TO STATIONING TROOPS IN
OTHER COUNTRIES, BUT AT THE SAME TIME, WE MUST BE
REALISTIC. YOU AVE TROOPS IN JAPAN AND THE PHILIPPINES.
WE HAVE NOT EXPRESSED TOO MUCH REBUKE OVER THESE, BUT
WE DO FIRE EMPTY CANNONS SOMETIMES ABOUT THEM. WE
ALSO ARE NOT OPPOSED TO JAPAN'S BUILDING UP ITS OWN
DEFENSE FORCES, AND WE DO NOT INTERFERE WITH JAPAN'S
INTERNAL AFFAIRS. THIS IS TRUE ALSO OF EUROPE;
EUROPE NEEDS THE UNITED STATES AND THE UNITED STATES
NEEDS EUROPE.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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AMEMBASSY MOSCOW
AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 3 OF 5 PEKING 139

EXDIS

ROCKEFELLER: WE COULD NOT DEFEND THE PACIFIC IF OUR
TROOPS WERE NOT THERE.

(THE FOLLOWING PARAGRAPH WAS FURNISHED BY THE MINISTRY
OF FOREIGN AFFAIRS IN CLARIFICATION OF THE PORTION OF
THE CONVERSATION ON TAIWAN.)

LI: OF COURSE THERE IS NO SIGNIFICANCE (PRESUMABLY
MILITARY SIGNIFICANCE) TO YOUR TROOPS IN TAIWAN, SO THE
KEY PROBLEM OF RELATIONS BETWEEN THE UNITED STATES
AND CHINA IS TAIWAN. (THE FIRST CLAUSE OF THE FOREGOING SEN-
TENCE WAS OMITTED FROM THE PRC WRITTEN TRANSLATION.)
AS WE HAVE STATED ON MANY OCCASIONS, THE THREE CONDI-
TIONS FOR NORMALIZATION OF RELATIONS ARE: (1) BREAK
DIPLOMATIC RELATIONS; (2) WITHDRAW ALL UNITED STATES
TROOPS FROM TAIWAN AND THE TAIWAN STRAITS AREA;
(3) ABROGATE THE U.S. CHIANG TREATY. (IN CHINESE, LI
SIMPLY SAID "(1) TUAN CHIAO; (2) CH'E PING; (3) CHUEH
YUEH.") AS FOR HOW WE WILL LIBERATE TAIWAN, WHETHER
BY FORCE OR OTHER MEANS, THAT IS ENTIRELY CHINA'S
INTERNAL AFFAIR WHICH BROOKS NO FOREIGN INTERFERENCE.
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THE RECENT ARTICLE OF THE THEORETICAL STUDY GROUP OF
THE MINISTRY OF FOREIGN AFFAIRS HAS GIVEN RISE TO
SOME SPECULATION. RECOUNTING PREMIER CHOU EN-LAI'S
GREAT SERVICES IN FOREIGN AFFAIRS, IT MENTIONS A
STATEMENT MADE BY PREMIER CHOU EN-LAI DURING THE
BANDUNG CONFERENCE IN 1955. THAT STATEMENT REFERRED
TO THE DISPUTE BETWEEN CHINA AND THE UNITED STATES,
WHICH SHOULD BE SETTLED THROUGH NEGOTIATIONS AND NOT
BY FORCE. THAT IS AN ENTIRELY DIFFERENT MATTER FROM
OUR PROBLEMS WITH CHIANG KAI-SHEK AND CHIANG CHING-
KUO (CHIANG CHING-KUO WAS INTERPOLATED INTO THE
ENGLISH TEXT ABOVE, AND DID NOT APPEAR IN LI'S CHINESE.)
AS FOR HOW WE WILL SETTLE CHIANG CHING-KUO ON TAIWAN,
WHETHER BY FORCE OR OTHER MEANS, IT IS OUR OWN BUSINESS.
PERHAPS AMBASSADOR GATES HAS SOME COMMENT.

GATES: I TOOK THE ARTICLE AS A HISTORICAL RECORD OF
CHOU EN-LAI JUST AS YOU STATED. I HAVE NOT ENGAGED IN
SUCH SPECULATION.

LI: THERE ARE SO MANY COUNTERREVOLUTIONARIES ON TAIWAN,
IT CAN'T BE DONE WITHOUT FIGHTING (PU TA SHIH PU HSING).
AS FOR WHEN WE WILL, IT IS HARD TO SAY. WHAT NEED IS
THERE FOR YOUR AMERICANS TO GET SO NERVOUS ABOUT IT.

GATES: YOUR POSITION IS VERY CLEAR.

LI: AS CLEAR AS GREEN SCALLIONS AND WHITE BEAN CURD
(I.E., VERY CLEAR). I ALSO BELIEVE THAT THE UNITED
STATES DOES NOT WISH TO BECOME A SECOND-RATE COUNTRY.

ROCKEFELLER: THERE IS NO QUESTION OF THAT.

LI: PERHAPS THERE ARE SOME WHO ARE AFRAID OF THE
SOVIET UNION;

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ROCKEFELLER: WE HAVE ALMOST EVERY POINT OF VIEW IN
THE UNITED STATES. THE NEW ADMINISTRATION, CHOSEN BY
THE MAJORITY, HAS NO INTENTION TO BECOME A SECOND-
RATE POWER OR ANY FEAR OF THE SOVIET UNION.

LI: I HOPE NOT.

ROCKEFELLER: AMBASSADOR GATES WAS SECRETARY OF DEFENSE;
PERHAPS HE WOULD LIKE TO SAY SOMETHING.

GATES: I HAVE ALREADY TOLD MY FRIEND HUANG HUA THAT
WE HAVE NO INTENTION TO REDUCE OUR DEFENSE. PERHAPS
WE CAN MANAGE IT BETTER AND SAME SOME MONEY, BUT
WE WILL STILL MAINTAIN OUR DEFENSE.

ROCKEFELLER: HAVING SAID THAT, WE COULD DEBATE THE
BEST STRATEGY. THE COLD WAR DID NOT ADVANCE PEACE OR
STRENGTHEN THE UNITED STATES. WE ARE BETTER OFF TALKING
TO THE SOVIET UNION AND WORKING TOGETHER IN THE LIMITED
FIELDS WHERE WE CAN WORK TOGETHER. I SUSPECT THIS IS
THE GENERAL APPROACH OF THE CARTER ADMINISTRATION,
BUT IT MAY TAKE A HARDER LINE TOWARD THE SOVIET UNION
THAN THE PRIOR ONES.

GATES: THAT'S MY IMPRESSION.

LI: WE ARE NOT SO MUCH INTERESTED IN PROFESSED DIS-
ARMAMENT OR DETENTE. IN 10 YEARS OF DISARMING, THE
SOVIET UNION HAS GONE FROM THREE TO FOUR MILLION
TROOPS.

HUANG (IN CHINESE): 4.5 MILLION.

LI: THAT'S OUR FEELING ON DETENTE. WE HAVE OFTEN
DISCUSSED THIS WITH EACH OTHER. CHAIRMAN MAO DISCUSSED
IT WITH SECRETARY KISSINGER AND PRESIDENT FORD.

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ROCKEFELLER: I ASSURE YOU WE WILL NOT KNUCKLE UNDER
TO THE SOVIET UNION.

LI: YOU HAVE NOT BEEN VERY TOUGH.

ROCKEFELLER: REGARDLESS, THERE IS NOW A NEW TEAM.

LI: OUR ATTITUDE TOWARD THE SOVIET UNION IS DESCRIBED
BY A PROVERB OFTEN QUOTED BY CHAIRMAN MAO: THEY ARE
LIKE A MONK WITH AN UMBRELLA, WU FA WU T'EN. (THIS
PLAY ON WORDS MEANS "NO HAIR, NO SKY," BUT IT ALSO
MEANS "LAWLESS AND GODLESS.")

GATES: WHEN I FIRST ARRIVED VICE FOREIGN MINISTER
WANG HAI-JUNG WAS CRITICAL OF DETENTE. I SAID THAT
IT WAS A FUNNY FRENCH WORD AND HARD TO UNDERSTAND,
BUT THAT WE HAD INFORMED THE USSR BOTH PUBLICLY AND
PRIVATELY WE WOULD RESIST SOVIET EXPANSION. SHE SAID
SHE DISAGREED ABOUT OUR DETENTE POLICY.

LI: TOO MUCH TALK ABOUT DISARMAMENT AND DETENTE CAN
HAVE THE EFFECT OF LULLING THE PEOPLE.

ROCKEFELLER: THAT IS A GOOD POINT. SINCE YOU ARE SO
CLOSE TO THE SOVIET UNION, WE SHOULD REMEMBER WHAT YOU
SAY.

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ACTION SS-25

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INFO AMEMBASSY TOKYO
AMEMBASSY TAIPEI
AMEMBASSY MOSCOW
AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 4 OF 5 PEKING 139

EXDIS

LI: YOU'RE NOT SO FAR FROM THEM YOURSELVES.

ROCKEFELLER: THAT IS TRUE, BUT AT LEASE WE HAVE NO
BIG COMMON BORDER.

LI: TOO MUCH CHATTER ABOUT DISARMAMENT AND DETENTE
MAY LEAD TO LOSS OF VIGILANCE. YOU MAY JUST PILE THE
PILLOWS HIGH AND GO TO SLEEP.
THE SOVIET UNION WANTS TO IMPROVE RELATIONS WITH US,
AND SENT A CONDOLENCE MESSAGE IN THE NAME OF THE COMMUNIST
PARTY OF THE SOVIET UNION. WE REJECTED IT. ON THE
OTHER HAND, OUR NEWSPAPERS CARRIED THE MESSAGE FROM
PRESIDENT FORD. IF KOSYGIN HAD SENT A MESSAGE IN THE
NAME OF THE SUPREME SOVIET, IT WOULD HAVE BEEN CARRIED
AS WELL, BUT WE GOT A MESSAGE FROM BREZHNEV.

ROCKEFELLER: THE PRESS GAVE THIS SOME PROMINENCE IN
THE US. I WOULD LIKE TO RETURN TO OUR DETERMINATION.
YOU MAY HAVE RECEIVED A FALSE IMPRESION FROM OUR
CUSTOM OF WASHING OUR DIRTY LINEN IN PUBLIC. THE
WAR IN VITENAM TORE THE UNITED STATES APART, AND THEN
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THE UNHAPPY EPISODE OF THE WATERGTE INVESTIGATION
GAVE THE IMPRESSION OF WEAKNESS. THE FACT THAT WE RE-
SOLVED THESE PROBLEMS AND CAME THROUGH IT ALL CAN BE
INTERPRETED AS STRENGTH. THE NIXON RESIGNATION, FOR
EXAMPLE, SHOWED THAT WE CAN DEAL WITH PROBLEMS AND
COME UP WITH DIFFICULT DECISIONS. THIS WILL BE TRUE
IN THE FUTURE.

LI: YOU WERE WRONG TO FIGHT THE WAR IN VIET NAM.

ROCKEFELLER: YOU MAY BE RIGHT; MANY AMERICANS
THOUGHT SO. AT ANY EVENT, THE COST FAR EXCEEDED
THE BENEFIT. IT WAS A VERY SAD AFFAIR.

LI: SOMETIMES IT IS A GOOD THING TO BE SAD.

ROCKEFELLER: IT WAS IMPORTANT THAT THE PROBLEM WAS
PUBLICLY DEBATED AND AIRED, DESPITE THE FACT THAT

PRESIDENT NIXON WAS FORCED TO RESIGN.
NOW WE ARE THROUGH IT ALL, THE PRESIDENT AND THE
CONGRESS ARE NOW BOTH OF THE SAME PARTY AND ACTION
SHOULD BE MORE EFFECTIVE.

LI: WE DID NOT PAY MUCH ATTENTION TO WATERGATE AND
DON'D KNOW WHAT IT WAS ABOUT. WE DO NOT INTERFERE
IN ANY CASE. AS PEOPLE IN CHINA SEE IT, NIXON OPENED
RELATIONS WITH CHINA, SO WE INVITED HIM.

ROCKEFELLER: OPENING RELATIONS WITH CHINA WAS IM-
PORTANT, THE MOST IMPORTATNT SINGLE THING HE DID. UN-
FORTUNATELY, HE DID OTHER THINGS WHICH OUR PEOPLE
WERE UNABLE TO ACCEPT, AND THEY ULTIMATELY FORCED
HIM TO RESIGN. I CAN'T SAY WHETHER THIS WAS GOOD
OR BAD, BUT IT SHOWED SOME THING THAT I VALUE ABOUT
THE PEOPLE OF THE UNITED STATES.
LAST YEAR WAS AN EVENTFUL YEAR IN CHINA, WITH THE
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DEATHS OF PREMIER CHOU EN-LAI, CHAIRMAN CHU TEH,
AND CHAIRMAN MAO TSE-TUNG, THE GREAT EARTHQUAKE, AND
FINALLY THE GANG OF FOUR. WAS THE GANG OF FOUR YOUR
WATERGATE?

LI: THEY ARE NOT COMPARABLE.

ROCKEFELLER: I FIND IT HARD TO UNDERSTAND. COULD
YOU EXPLAIN IT?

LI: WHAT HAPPENED WAS THAT THE GANG OF FOUR
ATTEMPTED TO USURP THE HIGHEST POWER AND TO OVER-
THROW CHAIRMAN HUA, WHOM CHAIRMAN MAO HAD PERSONALLY
CHOSEN AS HIS SUCCESSOR.

ROCKEFELLER: WERE THERE ONLY FOUR PEOPLE IN THE
GANG, OR WERE THERE MANY MORE?

LI: THEY REPRESENTED THE CAPITALIST CLASS (NANCY
TANG TRANSLATED "A CLASS."), BUT THEIR NUMBERS WERE NOT
GREAT. LAST YEAR WAS AN EXTRA ORDINARY YEAR.
PREMIER CHOU EN-LAI DIED, THEN CHAIRMAN OF THE STAND-
ING COMMITTEE CHU TEH, AND THEN OUR GREAT LEADER
CHAIRMAN MAO, WHO FOUNDED OUR PARTY, OUR ARMY, AND
OUR COUNTRY. CHOU AND CHU HAD FOLLOWED HIM FOR MANY
DECADES. THEIR DEATHS THREW THE CHINESE PEOPLE INTO
GREAT SORROW, AND WE WER ALSO STRICKEN WITH A GREAT
NATURAL DISASTER.
DURING HIS LIFETIME CHAIRMAN MAO ARRANGED FOR CHAIRMAN
HUA TO SUCCEED HIM. IN OUR PARTY, WE HAVE NEVER HAD

A FIRST VICE CHAIRMAN, ONLY VICE CHAIRMAN. CHAIRMAN
MAO ADDED THE WORD "FIRST" IN HIS OWN HAND, AND IT HAS
ENABLED THE COUNTRY TO SETTLE DOWN. THE REASON IT
WAS NECESSARY TO ACT WAS THAT THE GANG OF FOUR WAS IN
A CONSPIRACY TO RESTORE CAPITALISM. CHAIRMAN MAO
KNEW THAT DURING HIS LIFETIME THEY WOULD NEVER ATTEMPT
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TO USURP THE LEADERSHIP, BUT THAT ONCE HE WAS GONE
THEY WOULD TRY. DURING HIS LIFETIME HE HAD BEGUN TO
TAKE MEASURES AGAINST THE GANG OF FOUR, BUT HE WAS
ALREADY ILL AND DID NOT HAVE ENOUGH TIME TO COMPLETE
THE WORK. WHEN CHAIRMAN MAO WAS SERIOUSLY ILL AND
AFTER HIS DEATH, THE GANG OF FOUR COULD NOT WAIT TO
BEGIN. THAT IS WHY THE PEOPLE REJOICED WHEN CHAIRMAN
HUA TOOK ADAMANT MEASURES, AND WHY WE SAY THE SITUATION
IS EXCELLENT. I HAVE READ COMMENT THAT THE SITUATION
IN CHINA IS UNSTABLE. THE GANG OF FOUR HAD BEEN
PREPARING A BASE IN SHANGHAI FOR TEN YEARS. WHEN WE
ELIMINATED THE GANG OF FOUR IN SHANGHAI, THE PEOPLE
THERE REJOICED, AND THE SITUATION THERE IS STABLE.
GATES: I WAS THERE JUST LAST WEEK-END.

LI: HOW WAS IT?

GATES: QUIET.

LI: YOU CAN SEE FOR YOURSELVES IF YOU LIKE, IN ANY
PROVINCE. WE ALSO ARE NOT AFRAID TO WASH OUR LINEN IN

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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C O N F I D E N T I A L SECTION 5 OF 5 PEKING 0139

EXDIS

PUBLIC. LOOK AT THE TWO MILLION PEOPLE IN TIEN AN
MEN SQUARE FOR THE ANNIVERSARY OF CHOU EN-LAI'S
DEATH. NOT ALL OF THOSE WHO WENT TO TIEN AN MEN WERE
GOOD COMMUNISTS. THERE MAY HAVE BEEN SOME BAD PEOPLE
AMONG THEM. FOR THAT MATTER, THERE MAY EVEN BE SOME TRUE
COMMUNISTS IN THE UNITED STATES. WE THINK THERE ARE.

ROCKEFELLER: YOU CAN KEEP THEM HERE.

LI: THEY WILL SPRING UP INDIGENOUSLY. THERE ARE
TENS OF MILLIONS OF LANDLORDS IN CHINA. THEY ARE
OUR PROBLEM; WE WILL NOT SEND THEM TO YOU.
WE STILL HAVE TENS OF MILLIONS. WE KEEP THEM SO THEY CAN WORK.
IT WOULD BE BETTER IF YOU SENT US YOUR WORKING CLASS.

ROCKEFELLER: THEY ARE STURDY MEMBERS OF OUR DEMOCRACY.

LI: WE DON'T CARE WHETHER THEY SUPPORT YOU. WHEREVER
THERE IS A WORKING CLASS THERE WILL BE MARXISTS TO
OPPOSE YOU.

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ROCKEFELLER: OUR LABOR MOVEMENT IS VERY CONSERVATIVE AND
ANTI-MARXIST.

LI: THEY MAY EVEN BE BOURGEOIS AND CAPITALIST.

ROCKEFELLER: YES, THEY HAVE DONE SO WELL THAT THEY
ARE CAPITALISTS; THIRTY MILLION OWN SHARES OF STOCK.
WAS CHAIRMAN MAO AWARE OF THE GANG OF FOUR'S WORK
IN SHANGHAI DURING THE LAST TEN YEARS?

LI: NOT AT THE BEGINNING, BUT IN RECENT YEARS HE WAS.

ROCKEFELLER: IT MUST HAVE BEEN A GREAT SORROW FOR CHAIRMAN MAO
THAT HIS WIFE WAS AMONG THEM. (NANCY TANG TRANSLATED "WIFE" FIRST
AS THE POLITE FU JEN AND THEN CHANGED TO CH'I-TZU.)

LI: THIS IS NOT HARD TO UNDERSTAND. THOUGH SHE WAS
HIS WIFE, THE PROBLEM WAS CLASS STRUGGLE. CLASS
STRUGGLE IS INDEPENDENT OF PEOPLE. THE CHAIRMAN CRITICIZED
HER MOST SEVERELY AND SAID SHE WAS AMBITIOUS.

ROCKEFELLER: I HAVE HEARD OF MANY STRUGGLES BETWEEN HUSBAND AND WIFE, BUT THIS IS THE FIRST TIME I HAVE HEARD IT CALLED THE CLASS STRUGGLE.

LI: THERE ARE ALSO STRUGGLES BETWEEN FATHER AND SON. MY SON WOULD BE THE FIRST TO SCOLD ME AND PUT UP POSTERS IF I WERE WRONG, AND I WOULD ONLY ADMIT I WAS WRONG.

ROCKEFELLER: OUR CHILDREN DO NOT HESITATE TO CRITICIZE THEIR PARENTS.

LI: IF YOU ARE WRONG, WHY NOT? TAKE THESE PEOPLE BEHIND ME HERE (POINTING TO NANCY TANG). CHIAO KUAN-HUA TRIED TO OPPRESS HER AND HER (POINTING TO WANG HAI-JUNG), BUT TRUTH WAS NOT IN HIS HANDS. EVEN
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THOUGH HE WAS A MINISTER, HE COULD NOT OPPRESS THEM, BECAUSE THE TRUTH WAS ON THEIR SIDE.

ROCKEFELLER: I DON'T WANT TO TAKE SIDES. DO YOU HAVE ANY THOUGHTS THAT I SHOULD CONVEY TO PRESIDENT CARTER OR SECRETARY VANCE?

LI: WE SAW THAT SECRETARY VANCE MADE A STATEMENT OF HIS WISH TO DEVELOP OUR RELATIONS ON THE BASIS OF THE SHANGHAI COMMUNIQUE. THAT IS VERY GOOD.

ROCKEFELLER: WORKING OUT A BETTER RELATIONSHIP IS HIGH ON HIS LIST OF PRIORITIES.

LI: WE HAVE MANY POINTS OF VIEW IN COMMON; THE MOST PROMINENT IS OUR COMMON ATTITUDE AGAINST THE POLAR BEAR.

ROCKEFELLER: I WOULD LIKE TO THINK THERE ARE MORE POSITIVE POINTS AS WELL AS THIS NEGATIVE ONE.

LI: IT IS NOT VERY NEGATIVE.

ROCKEFELLER: MR. VANCE MAY HAVE MANY PRACTICAL ASPECTS TO DISCUSS. FORTUNATELY, MADAME KANG TOOK HIM AROUND CHINA AND KNOWS HIM WELL.

LI: WE ARE DETERMINED TO CARRY OUT THE BEHEST OF CHAIRMAN MAO IN ALL THINGS, AND HIS LINE AND POLICY IN FOREIGN AND INTERNAL MATTERS. MR. VANCE HAS SAID HE WISHES TO DEVELOP RELATIONS BETWEEN OUR TWO COUNTRIES ON THE BASIS OF THE SHANGHAI COMMUNIQUE. I HOPE YOU WILL ALSO CONVEY TO PRESIDENT CARTER AND SECRETARY

VANCE THAT WE ARE DETERMINED TO CARRY OUT CHAIRMAN
MAO'S BEHEST, INCLUDING HIS LINE IN FOREIGN
AFFAIRS, WHICH INCLUDES DEVELOPING RELATIONS WITH
THE UNITED STATES ON THE BASIS OF THE SHANGHAI COMMUNIQUE.
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ROCKEFELLER: IT IS A GOOD THING SECRETARY VANCE CAME
HERE FOR TWO WEEKS.
FOREIGN MINISTER HUANG HAVE ME CHAIRMAN HUA'S SPEECH
OF DECEMBER 25 AND CHAIRMAN MAO'S WORK OF THE TEN MAJOR
RELATIONSHIPS. I STARTED TO READ IT EARLY THIS MORNING.

LI: WATCH OUT, HIS IS TRYING TO BRAINWASH YOU AND TURN
YOU INTO A COMMUNIST.

ROCKEFELLER: HE'S VERY PERSUASIVE.

LI: WE HAVE HAD TWO GREAT VICTORIES; THE SELECTION OF CHAIRMAN
HUA KUO-FENG AS CHAIRMAN AND THE SMASHING OF THE GANG OF FOUR.

ROCKEFELLER: WE HOPE FOR NORMALIZATION OF RELATIONS
BETWEEN OUR TWO COUNTRIES ON A BASIS WE CAN BOTH LIVE WITH.
I WILL CONVEY YOUR MESSAGES TO PRESIDENT CARTER AND SECRETARY
VANCE.

LI: OF COURSE YOU REALIZE THIS HAS BEEN JUST A FRIENDLY
TALK BETWEEN US.

ROCKEFELLER: I UNDERSTAND.
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